

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

LUCILE SALTER PACKARD CHILDREN'S
HOSPITAL AT STANFORD, a California
nonprofit corporation,

No. C 18-04927 WHA

Plaintiff,

v.

**ORDER RE MOTION
TO DISMISS FOR LACK OF
PERSONAL JURISDICTION**

IDAHO AGC SELF-FUNDED BENEFIT
TRUST, a voluntary employees benefit
association pursuant to 26 U.S.C. § 501(c)(9),
and DOES 1–25, inclusive,

Defendants.

INTRODUCTION

In this action for breach of contract and *quantum meruit*, defendant moves to dismiss for lack of personal jurisdiction. For the following reasons, the motion is **GRANTED**.

STATEMENT

Defendant Idaho AGC Self-Funded Benefit Trust, a health insurance plan, offered health benefits to employees of an Idaho corporation. Plaintiff Lucile Salter Packard Children's Hospital at Stanford operated (and still does) in California. Plaintiff and non-party Blue Cross and Blue Shield Association ("BCBSA") entered into a "Blue Cross and Blue Shield National Transplant Network Agreement." Under that agreement, plaintiff agreed to render medical care to the program's enrollees in exchange for negotiated rates. As alleged in the complaint,

1 defendant entered into a separate agreement with BCBSA to gain access to the National
2 Transplant Network Agreement's rates (Compl. ¶¶ 1–9).

3 Patient "TT," a resident of Idaho and an enrollee in defendant's health-care plan, sought
4 a heart transplant at plaintiff's hospital in California. In September 2014, eight months prior to
5 the transplant, the administrator of the defendant's health plan, Blue Cross of Idaho ("BCI"),
6 allegedly "coordinated" with plaintiff regarding TT's care. Specifically, after admitting TT to
7 the hospital in April 2015, plaintiff notified BCI of TT's admission and BCI responded with an
8 authorization number. Plaintiff then treated TT for over a month, resulting in a bill of \$2.5
9 million. After plaintiff billed defendant for this full amount, plaintiff and BCI agreed that
10 defendant would pay approximately \$1.8 million for TT's care, which price reflected the
11 negotiated rates under the National Transplant Network Agreement. Despite the agreed upon
12 rates, defendant paid plaintiff only \$677,196 (Compl. ¶¶ 10–21).

13 In July 2018, plaintiff filed the instant complaint for breach of contract and *quantum*
14 *meruit* in state court. Defendant later removed the action to this district and moved to dismiss
15 for lack of personal jurisdiction. Following full briefing and oral argument, an order permitted
16 plaintiff to take jurisdictional discovery. The parties thereafter filed supplemental briefing (Dkt.
17 Nos. 1, 7, 34–35). This order accordingly follows full briefing and oral argument.¹

18 ANALYSIS

19 Personal jurisdiction can be either general or specific. General jurisdiction refers to the
20 authority of the court to exercise jurisdiction even where the cause of action is unrelated to the
21 defendant's contacts with the forum. Specific jurisdiction, by contrast, exists when a suit arises
22 out of or is related to the defendant's contacts with the forum. *Bristol-Myers Squibb Co. v.*
23 *Superior Court*, 137 S. Ct. 1773, 1779–80 (2017). Plaintiff claims only specific jurisdiction in
24 this case.

25
26
27 ¹ Despite being permitted to do so, plaintiff failed to take any depositions or propound interrogatories.
28 Plaintiff instead supplements the record with items it received "in an informal exchange of documents" (Dkt.
No. 34 at 2). Plaintiff's claim that it has been stonewalled in discovery is highly suspect. Had it brought the
purported stonewalling to the Court's attention, any discovery disputes would have been promptly resolved.

1 “The inquiry whether a forum State may assert specific jurisdiction over a nonresident
2 defendant focuses on the relationship among the defendant, the forum, and the litigation.”
3 *Walden v. Fiore*, 571 U.S. 277, 283–84 (2014) (internal quotation marks and citations omitted).
4 “The proper question is not where the plaintiff experienced a particular injury or effect but
5 whether the defendant’s conduct connects him to the forum in a meaningful way.” *Id.* at 290.
6 Three requirements must be met: (1) the defendant must either purposefully direct his activities
7 toward the forum or purposefully avail himself of the privileges of conducting activities in the
8 forum; (2) the claim must be one which “arises out of or relates to” the defendant’s
9 forum-related activities; and (3) the exercise of jurisdiction must comport with fair play and
10 substantial justice, *i.e.*, it must be reasonable. *Axiom Foods, Inc. v. Acerchem Int’l, Inc.*, 874
11 F.3d 1064, 1068 (9th Cir. 2017). Here, plaintiff fails to meet the first requirement.

12 At all relevant times, defendant had its principal place of business in Idaho. Defendant
13 lacked any employees, assets, or property in California. Nor had defendant ever negotiated or
14 executed a contract in California. Plaintiff instead alleges the following contacts: (a) BCI
15 authorized TT’s heart transplant in California, (b) after TT’s transplant, BCI issued a written
16 approval for the payment of nearly \$1.8 million for TT’s treatment, and (c) defendant ultimately
17 paid a portion of the claim to plaintiff in California. Although most of these contacts involve
18 BCI, not defendant, plaintiff argues that BCI acted as defendant’s agent. Defendant disputes
19 this factual assertion. Nevertheless, even assuming BCI’s contacts *could* be imputed to
20 defendant for purposes of personal jurisdiction, such contacts would not give rise to personal
21 jurisdiction in this State.

22 Our court of appeals’ decision in *Hunt v. Erie Insurance Group*, 728 F.2d 1244 (9th Cir.
23 1984), is instructive. There, the appellate court held that paying a portion of the plaintiff’s
24 insurance claim and communicating with the plaintiff in California did not establish personal
25 jurisdiction over the defendant insurance company. The plaintiff in *Hunt* was a passenger in a
26 car accident in Colorado where she was subsequently hospitalized. After she made a claim as a
27 third-party beneficiary under the driver’s insurance policy (issued by the defendant-insurer to a
28 Pennsylvania resident), a dispute arose as to coverage. The plaintiff could not afford treatment

1 in Colorado so her mother transferred her to a facility in California. Our court of appeals
2 rejected the plaintiff's argument that the defendant-insurer had "purposefully availed" itself of
3 the privilege of conducting business in California by mailing payments under the policy to this
4 State (*id.* at 1248) (internal citation and quotation marks omitted):

5 We cannot agree that the requisite minimum contacts are established
6 because a plaintiff's move into a state requires the defendant to send
7 communications into that forum. . . . The mere unilateral activity of
8 those who claim some relationship with a nonresident defendant
9 cannot satisfy the requirement of contact with the forum State. The
10 mere fact that Erie communicated with Hunt in the state, and may have
11 committed a tort in the exchange of correspondence, does not show
12 that Erie purposefully availed itself of the privilege of conducting
13 business in California. Hunt's move to California forced Erie to send
14 mail to that State concerning her claim.

15 Similarly, in *Davis v. American Family Mutual Insurance Company*, 861 F.2d 1159 (9th
16 Cir. 1988), the plaintiff (a resident of Montana) was injured in North Dakota by a North Dakota
17 resident. The plaintiff sued the North Dakota resident's insurance company to pay a judgment
18 obtained against the insured. Our court of appeals held that the district court in Montana lacked
19 personal jurisdiction over the defendant where the defendant's communications regarding the
20 plaintiff's insurance claim "resulted solely from the fact that [the plaintiff] returned to his home
21 in Montana after the accident in the state of North Dakota." *Ibid.* Because the defendant's
22 "activities in Montana were conducted for the sole purpose of fulfilling its obligation to adjust
23 [the plaintiff's] claim pursuant to its insurance contract with" a North Dakota resident, personal
24 jurisdiction was lacking. *Id.* at 1160–62.

25 Finally, in *Berg v. Blue Cross & Blue Shield of Utica-Watertown, Inc.*, No. C 93-2752,
26 1993 WL 467859 (N.D. Cal. Nov. 2, 1993) (Judge D. Lowell Jensen), the district court granted
27 a motion to dismiss for lack of personal jurisdiction based on facts remarkably similar to those
28 presented here. The defendant, a New York insurer, authorized the plaintiff-insured's care in
California and partially paid the plaintiff's medical bills. Following *Hunt*, Judge Jensen
rejected the plaintiff's argument that the defendant-insurer's communications with and
payments to the medical provider in California constituted purposeful availment, explaining that
the defendant-insurer had merely responded to actions taken by the plaintiff and the medical
provider. *Id.* at *2–3.

1 So too here. Defendant’s health-care plan was designed to benefit an Idaho resident
2 employed by an Idaho company. Defendant’s contacts with California only resulted from TT’s
3 “unilateral activity” in traveling to plaintiff’s California hospital to obtain treatment. Under the
4 above authorities, sending payments and other communications to California as a result of
5 plaintiff’s unilateral decision to seek treatment does not amount to defendant having
6 “purposefully availed” itself of the privilege of conducting business here. Plaintiff fails to
7 adequately address, let alone distinguish, these decisions.

8 The documents submitted by plaintiff after discovery do not demonstrate personal
9 jurisdiction. Plaintiff submits, for example, the agreement between defendant and BCI
10 wherein BCI agreed to provide defendant with administrative services. Also included are
11 communications between plaintiff and BCI regarding authorization requests and payments
12 pursuant to the plan. The facts of this case therefore remain squarely within the province of
13 *Hunt, Davis, and Berg*. Although plaintiff argues that defendant “arrange[d] for” and
14 “direct[ed]” TT’s medical services at plaintiff’s hospital, plaintiff’s documents demonstrate
15 otherwise. According to the declaration of Rebecca Sullivan, plaintiff’s employee, it was a
16 third-party hospital that contact plaintiff to obtain medical services for TT (Dkt. No. 34-3 ¶ 8).
17 Moreover, plaintiff’s speculation that TT’s claim “probably would not be processed without
18 being flagged by [defendant],” and that it can “be reasonably inferred that [defendant] made the
19 final decision to allow the plan benefits and payment to [plaintiff]” are unsupported by the
20 record. If true, these facts could have been developed during jurisdictional discovery. Finally,
21 even if plaintiff is correct that a printout from BCI’s website “establishes that [defendant] had
22 the ability to reach out to hospitals in California” through BCI (Dkt. No. 34 at 5–6), plaintiff
23 wholly fails to explain this case “arises out of or relates to” this purported connection with the
24 forum. Defendant’s motion to dismiss is accordingly **GRANTED**. Perhaps anticipating a lack of
25 jurisdiction, plaintiff summarily moves in its supplemental brief for an order transferring this
26 case to the District of Idaho. The request to transfer is **DENIED**.²


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28 ² Because consideration of the declarations submitted with plaintiff’s opposition brief does not change
the outcome of this order, defendant’s evidentiary objections are **OVERRULED AS MOOT**.

CONCLUSION

For the reasons stated above, defendant's motion to dismiss is **GRANTED**. The Clerk shall **CLOSE THE CASE**.

IT IS SO ORDERED.

Dated: March 29, 2019.



WILLIAM ALSUP
UNITED STATES DISTRICT JUDGE